

# Strategic choices for coca cola company

[Business](#), [Management](#)



Strategic Choices for Coca Cola Company Coca-cola is a global brand which is recognized in more than 200 countries. In achieving such a great fame around the globe, the company requires a strong strategic management. Strong strategic management facilitates the company with more competitive strategic choice which strengthens its position in the company. The SWOT analysis of the Coca-cola explores its internal and external environment. It suggests that the main strengths of the company include its popularity as world leader around the globe, strong international trade, strong branding and well-known name, customer loyalty, redundancy of finance (The Coca-Cola Company, 2011).

On the other hand, weaknesses of the company are negative publicity; health issues attached with the brand, some brands of the company are less popular, poor performance in North America and decline in cash from operating activities. Examination of the external environment demonstrates opportunities and threats of the company. Uncovered market, growing bottled water market, buy out competition and acquisition of the intense competition can be proves opportunities for the company. On the contrary, increasing health consciousness, increased competition from local and international players, legal issues, health ministries of various developing countries are imposing threats on the company (The Coca-Cola Company, 2011).

In order to avail the maximum benefits of the strengths and opportunities, the company is advice to handle the threats and weaknesses very carefully. In this context, creation of competitive advantage is recommendable. When a firm has an edge over its competitors then it is said to have a competitive advantage. According Michael Porter, there are two types of competitive

advantage viz cost advantage and differentiation strategy. Coca-cola achieved its competitive advantage by delivering same benefits as competitors but on lower cost i. e. cost leadership. However, both local and international competitors pull down its rates to the level of Coca-cola which ended its cost leadership. Then it came up with benefits that exceed those of competitors which are called differentiation strategy. This strategy worked in favor of the company as it positioned the company with distinctive taste in the market. It also added some snacks to its product line which again made its look different (Thinking made easy, 2009).

The strategic choice of the company is based on the resource based view concept. This concept focuses on creation of competitive advantage by utilizing firm's resources and capabilities to the fullest that ultimately results in superior value creation. Other than production of the core product of the company; the most of the company's resources are spent on its great advertising campaign. It increased its market visibility and publicity around the globe. Furthermore, in 1980s Michael Porter developed generic strategies which seem very relevant in strategic choice. He provided the organizations with three strategic options so as to achieve competitive advantage. These generic strategies are cost leadership, differentiation and focus strategy (Knol- A unit of knowledge, 2010).

Coca-cola adopted differentiation strategy for its operations. Since the inception of the company, it is evident that it is more interest in differentiation as it refused Pepsi's 6 cent 12 ounce bottle. Creation of a strong brand loyal customer base is the mantra of coca-cola for isolating their competitors. Previously their market share declined hence they felt a

need of aggressive advertising which provide them with a sturdy customer base. This strategy can be proved very fruitful if utilized in careful manner otherwise it can be stuck-into-the middle which results into hazardous circumstances. Here, it is necessary that company should not be content by getting the overwhelming response of the customers over the advertising campaign but should be confident enough to successfully carrying the differentiation strategy in future (Quick MBA, 2010).

Therefore, the strategic choice of the company is differentiation strategy which strengthens the position of the company in the market. Along with this, the company should not ignore the changing needs or taste of the customers and changing business environment around the world. The intense competition from local as well as from international competitors is major threat for the company; therefore the company should put in concentrated efforts in utilizing the differentiation strategy and avail the maximum benefits (Tripod, 2011).

## References

The Coca-Cola Company. (2011). Addressing your questions. Retrieved Dec 24 2011, from [http://www.thecoca-colacompany.com/citizenship/challenges\\_opportunities.html](http://www.thecoca-colacompany.com/citizenship/challenges_opportunities.html)

The Coca-Cola Company. (2011). Our strategy. Retrieved Dec 24 2011, from [http://www.thecoca-colacompany.com/careers/our\\_strategy.html](http://www.thecoca-colacompany.com/careers/our_strategy.html)

Thinking made easy. (2009). Strategic analysis: Coca-cola. Retrieved Dec 24 2011, from [http://ivythesis.typepad.com/term\\_paper\\_topics/2009/08/strategic-analysis-coca-cola.html](http://ivythesis.typepad.com/term_paper_topics/2009/08/strategic-analysis-coca-cola.html)

Knol- A unit of knowledge. (2010). The coca-cola company. Retrieved Dec 24

<https://assignbuster.com/strategic-choices-for-coca-cola-company/>

2011, from <http://knol.google.com/k/the-coca-cola-company#>

Quick MBA. (2010). Competitive advantage. Retrieved Dec 24 2011, from <http://www.quickmba.com/strategy/competitive-advantage/>

Tripod. (2011). Coca-cola: SWOT analysis. Retrieved Dec 24 2011, from <http://coca-cola-remodel.tripod.com/id21.html>

Quick MBA. (2010). Porter's generic strategy. Retrieved Dec 24 2011, from <http://www.quickmba.com/strategy/generic.shtml>